

Senate File 225 - Introduced

SENATE FILE 225

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A BILL FOR

1 An Act relating to alternate and renewable energy production
2 by establishing an alternate and renewable energy incentive
3 program applicable to alternate energy production facilities
4 under specified circumstances.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. **476.43A Alternate and renewable**
2 **energy incentive program.**

3 1. It is the intent of the general assembly to encourage
4 the development of utility-owned and customer-owned alternate
5 and renewable energy production facilities. The board shall
6 establish and administer an alternate and renewable energy
7 incentive program to encourage the development of alternate
8 energy production projects across this state.

9 2. An alternate energy production facility with a nameplate
10 generating capacity of less than or equal to twenty megawatts
11 which seeks to enter into an interconnection and power sales
12 agreement with an electric utility may submit an application
13 for approval to the board. The board shall develop an
14 application form and establish approval criteria by rule.

15 3. *a.* Eligibility for the program shall be contingent upon
16 the following:

17 (1) Meeting the requirements of section 476C.1, subsection
18 6, paragraph "b", subparagraphs (1) through (3), and
19 subparagraphs (6) and (7), with regard to fifty-one percent
20 ownership in the facility being comprised of one or more of
21 the individuals or entities identified pursuant to those
22 subparagraphs.

23 (2) Having applied for or obtained the necessary financing
24 to cover facility construction and operation costs.

25 (3) Completing a standard interconnection request form
26 established by the board by rule.

27 (4) Meeting the requirements for a qualifying facility
28 pursuant to the federal Public Utility Regulatory Policies Act
29 of 1978, 16 U.S.C. § 2601 et seq.

30 *b.* Notwithstanding the maximum ownership or purchase
31 requirements of section 476.44, an electric utility shall
32 interconnect with a facility which is approved by the board
33 for participation in the program and shall purchase energy
34 from that facility at the rates approved in the standard
35 offer contract filed pursuant to subsection 4 with the board.

1 However, an electric utility shall not be required to purchase
2 an amount of energy from new program participants in a given
3 year which exceeds fifty percent of its retail sales growth
4 during the previous year. Any amount of energy not purchased
5 from program participants in a single year may be carried
6 forward to subsequent years for at least five years.

7 4. The board shall develop a standard offer contract form
8 to facilitate interconnection between an electric utility and
9 a program participant. The form shall be subject to biannual
10 review and periodic adjustment by the board with respect to new
11 program participants. The board shall require all electric
12 utilities to file with the board standard offer contracts
13 consistent with the form, subject to modification and approval
14 by the board. Electric utilities shall make the contracts
15 available to any approved program participant. Standard offer
16 contracts shall continue in effect for a twenty-year period,
17 subject to termination provisions for failure to perform, to be
18 established by the board by rule.

19 5. The standard offer contracts shall be calculated on
20 a kilowatt-hour basis, and shall be based on each utility's
21 cost, inclusive of its required rate of return, for the new
22 development of each form of technology and project size,
23 according to the following schedule:

24 a. For wind turbine facilities, separate standard offer
25 contracts shall be calculated for facilities of between zero
26 and one-half megawatt of nameplate generating capacity, and for
27 facilities larger than one-half megawatt but less than twenty
28 megawatts of nameplate generating capacity. The contracts
29 shall incorporate rates based on a single reference tower wind
30 speed, to be determined by the board by rule, and adjusted to
31 the wind speed of the project location.

32 b. For photovoltaic facilities, separate standard offer
33 contracts shall be calculated for facilities of between zero
34 and twenty kilowatts of nameplate generating capacity, and for
35 facilities larger than twenty kilowatts of nameplate generating

1 capacity.

c. For waste management facilities, agricultural crop and residue facilities, and hydroelectric facilities, separate standard offer contracts shall be calculated for facilities of between zero and one-half megawatt of nameplate generating capacity, and for facilities larger than one-half megawatt and less than twenty megawatts of nameplate generating capacity.

6. Standard offer contracts shall be in lieu of rates otherwise determined by the board pursuant to section 476.43. An unsuccessful applicant, or an alternate energy production facility with larger than twenty megawatts of nameplate generating capacity, shall be governed by the rates established in section 476.43.

14 7. The board shall submit a report to the general assembly
15 by January 1 annually regarding participation levels and
16 program results.

EXPLANATION

18 This bill establishes an alternate and renewable energy
19 incentive program applicable to alternate energy production
20 facilities approved for participation in the program.

21 The bill provides that an alternate energy production
22 facility with a nameplate generating capacity of less
23 than or equal to 20 megawatts which seeks to enter into an
24 interconnection and power sales agreement with an electric
25 utility may submit an application for approval to the Iowa
26 utilities board. To be eligible to apply for the program, a
27 facility must meet certain percentage ownership requirements
28 specified in Code section 476C.1, subsection 6, paragraph "b",
29 have applied for or obtained the necessary financing to cover
30 facility construction and operation costs, complete a standard
31 interconnection request form established by the board by rule,
32 and meet the requirements for a qualifying facility pursuant to
33 the federal Public Utility Regulatory Policies Act of 1978.

34 The bill provides that notwithstanding the maximum ownership
35 or purchase requirements of Code section 476.44, an electric

1 utility shall be required to interconnect with a facility
2 approved by the board for the program, but shall not be
3 required to purchase an amount of energy from new program
4 participants in a given year which exceeds 50 percent of its
5 retail sales growth during the previous year. The bill states
6 that amounts not purchased from program participants in a
7 single year may be carried forward to subsequent years for at
8 least five years.

9 The bill directs the board to develop a standard offer
10 contract form to facilitate interconnection between an electric
11 utility and a program participant, which shall be subject to
12 biannual review and periodic adjustment by the board with
13 respect to new program participants. All electric utilities
14 shall file with the board standard offer contracts consistent
15 with this form, subject to modification and board approval, and
16 shall make these contracts available to any approved program
17 participant. The bill provides that standard offer contracts
18 shall continue in effect for 20 years, subject to termination
19 provisions for failure to perform, to be established by the
20 board by rule.

21 The bill specifies that standard offer contracts shall be
22 calculated on a kilowatt-hour basis, and shall be based on
23 each utility's cost, inclusive of its required rate of return,
24 for the new development of each form of technology and project
25 size, varying by the type of alternate and renewable energy
26 production facility involved. For wind turbine facilities,
27 the bill provides that separate standard offer contracts shall
28 be calculated for facilities of between zero and one-half
29 megawatt, and for facilities larger than one-half megawatt but
30 less than 20 megawatts, and shall incorporate rates based on a
31 single reference tower wind speed to be determined by the board
32 by rule and adjusted to the wind speed of the project location.
33 For photovoltaic facilities, the bill provides that separate
34 standard offer contracts shall be calculated for facilities of
35 between zero and 20 kilowatts, and for facilities larger than

1 20 kilowatts. For waste management facilities, agricultural
2 crop and residue facilities, and hydroelectric facilities, the
3 bill provides that separate standard offer contracts shall
4 be calculated for facilities of between zero and one-half
5 megawatt, and for facilities larger than one-half megawatt and
6 less than 20 megawatts.

7 The bill states that standard offer contracts shall be
8 in lieu of alternate and renewable energy rates otherwise
9 determined by the board pursuant to Code section 476.43,
10 and that an unsuccessful applicant, or an alternate energy
11 production facility with larger than 20 megawatts of nameplate
12 generating capacity, shall be governed by the Code section
13 476.43 rates.

14 The bill requires the board to submit a report to the general
15 assembly by January 1 annually regarding program participation
16 levels and results.